

City of Detroit

CITY COUNCIL

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TO: C. Beth DunCombe, Director
Detroit Building Authority

FROM: Irvin Corley, Jr., Fiscal Analyst Director

DATE: April 29, 2011

RE: 2011-2012 Budget Analysis



Attached is our budget analysis regarding your department's budget for the upcoming 2011-2012 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis. We would then appreciate a written response to the issues/questions by **Tuesday, May 10, 2011**. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Thomas Lijana, Financial Director
Floyd Stanley, Deputy Budget Deputy Director
Charleta McInnis, Budget Department Team Leader
Gloria Caliman, Head Accountant-DBA
Denise N. Gardner, Mayor's Office

Detroit Building Authority

FY 2011-12 Budget Analysis by the Fiscal Analysis Division

Detroit Building Authority Summary

The City of Detroit Building Authority was created by the city under the provisions of Act 31, Public Act of Michigan of 1948, as amended. The Authority was incorporated for the purpose of acquiring, furnishing, equipping, owning, improving, enlarging, operating and maintaining city buildings (including but not limited to health and public safety facilities), automobile parking lots or structures (independently or adjunct to other buildings) and recreational facilities.

The Authority is authorized, by statute, to issue bonds to finance its activities. The bond principal and interest are to be paid, among other sources, through cash rental payments made by the city to the Authority. The city leases the facilities under a Full Faith and Credit General Obligation Contract of Lease with the Authority. When all bonds issued by the Authority have been retired, titles to several of the facilities are to be conveyed to the city.

The Authority generates its funding by charging an administrative fee, a percentage of each project and it is included in the project contract and project budget between the DBA and the City. Since the DBA staff are appointed by the Mayor and are quasi-city employees, they appear in the Non-Departmental budget in Appropriation 00277 - Detroit Building Authority. The appropriation budgeted for employee salaries and benefits are a 100% revenue offset to the General Fund. The recommended budget is \$1,034,073 for this appropriation for FY 2011-12, is a slight decrease of \$12,292 (1.2%) from the current fiscal year Executive Budget (Pg 35-20).

Issues and Questions

In the 2011-12 FY, the DBA budget decreases slightly by \$12,292 (1.2%). The decrease is due primarily to \$51,938 decrease in Salary & Wages and a \$1,192 decrease in Operating Service, offset by a \$40,838 increase in employee benefits.

The Mayor has recommended the elimination of one FTE (Full-time equivalent employee) for the DBA in the 2011-12 FY.

The DBA is budgeted for 8 FTE's in the 2011-12 FY, down from 9 FTE's in the current fiscal year.

Pg 35-18 Major Initiatives For FY 2010-11

According to the DBA, it has instituted mandated LEED (Leadership in Energy and Environmental Design) standards, a "Green" building rating system.

- Has the DBA had access to Federal Stimulus funds for City projects built under LEED standards? If yes, what was the level of funding? If no, why?

Pg 35-18 Performance Measure- Outputs: Units of Activity directed toward Goals

	2008-09 Actual	2009-10 Actual	2010-11 Projected	2011-12 Target
Promote energy efficiency in City owned buildings through retrofits, renewables and training	0%	25%	60%	75%

- The objective above is projected to increase substantially from the 2009-10 FY in the current and the next fiscal year. What is the basis for this projection? What is the overall projected savings that will be realized citywide by this initiative?

Pg 35-18 Performance Measure- Efficiency: Units of Activity directed toward Goals

	2008-09 Actual	2009-10 Actual	2010-11 Projected	2011-12 Target
"Building Green" using US blg. Council's LEED guidelines	50%	50%	75%	80%

- The target for the objective detailed above, "Building Green" by using US building. Council's LEED guidelines, is also expected to increase substantially from the 2009-10 FY. What is the overall projected savings anticipated to be realized on an annual basis from this initiative?
- Does the DBA enforce Executive Order 2007-1 in working with contractors?
- Is the DBA currently active in providing any services to the former Special Area Maintenance (SAM) Program areas?

IC:DH

Attachment